

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2320 - SB 3668

February 28, 2012

SUMMARY OF BILL: Increases, from 24 to 26, the age until which individual and group health insurance policies, unless grandfathered, must cover dependent children. Removes the requirement that the dependent child be unmarried and dependent on the insured for support and maintenance. Prohibits individual or group policies from defining a dependent in terms other than that of a relationship between a child and a covered person, or denying or restricting coverage based on marital or student status, employment, or financial dependence on, or residence with, a covered person. Requires notice be provided to any child whose coverage ended or was denied under a group health plan due to the limiting age. Requires such notice to include a statement that the child is eligible to enroll no later than the first day of the next plan year and requires a 30-day enrollment period.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will not result in a significant increase in the cost of health insurance premiums because it is only requiring plans to comply with federal regulations that have been in effect since January 1, 2011.

Assumptions:

- Health plans were required to increase the limiting age for dependents to 26 years of age by January 1, 2011, under the provisions of the federal Patient Protection and Affordable Care Act (PPACA). The provisions of the bill will codify this requirement for individual and group health plans.
- The Department of Commerce and Insurance will be responsible for the enforcement of the provision of the bill through the review of health insurance policy forms and the investigation of complaints received from policyholders. According to the Department, this will not create additional responsibilities or significantly change the current regulatory, administrative, or enforcement activities of the Department.
- The State, Local Education, and Local Government Plans for public sector employees increased the limiting age of an eligible dependent to 26 years of age on July 1, 2010. A notice of the change, including a statement informing individuals who had reached the limiting age of their ability to re-enroll, was provided to all employees. There will not be a fiscal impact to the state sponsored health plans.

- Local government and education agencies that do not opt into the state sponsored health plans will have modified the limiting age of eligible dependents by January 1, 2011, to comply with PPACA requirements. There will not be a fiscal impact to local governments.
- The provisions of the bill will not affect the eligibility requirements for the TennCare program.
- Private sector health premium impact: The provisions of the bill require health insurance plans to comply with federal PPACA dependent age requirements. All health insurance plans have been in compliance since January 1, 2011. There will be no change in the health insurance premium rates as a result of the proposed legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml